

Message Text

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PAGE 01 BELGRA 03117 131848Z
ACTION SS-25

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O 131640Z MAY 77
FM AMEMBASSY BELGRADE
TO AMEMBASSY LISBON NIACT IMMEDIATE
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INFO USMISSION IAEA VIENNA
AMCONSUL ZAGREB IMMEDIATE

S E C R E T BELGRADE 3117

EXDIS

LISBON FOR VICE PRESIDENT'S PARTY (VEST)

EO 11652 GDS
TAGS: TECH ENRG MNUC IAEA YO US
SUBJ: KRSKO TALKS

REF: (A) STATE 107490, (B) STATE 101501, (C) STATE 101503,
(D) STATE 101506, (E) BELGRADE 1761

1. SUMMARY: ON MAY 13, U.S. AND AND YUGOSLAV NEGOTIATORS AGREED ON TEXT OF GOY STATEMENTS THAT SHOULD SATISFY CONDITIONS FOR ISSUANCE OF NRC LICENSE TO EXPORT U.S. NUCLEAR EQUIPMENT FOR THE KRSKO NUCLEAR POWER PLANT PROJECT (REF A). GOY STATEMENT TO THE IAEA RESTATES GOY NONPROLIFERATION COMMITMENTS AND PORTION OF TEXT OF LETTER FROM FEDERAL SECRETARIAT FOR FOREIGN AFFAIRS (FSFA) SECRETARY MINIC TO SECRETARY VANCE COMMITS GOY TO NEGOTIATE UNRESOLVED QUESTION OF U.S. APPROVAL RIGHTS ON THE DISPOSITION OF SPENT FUEL FROM KRKSO. WE RECOMMEND THAT THE LETTER OF PRESIDENT CARTER TO PRESIDENT TITO, BEING CARRIED BY VICE PRESIDENT MONDALE, BE MODIFIED TO REFLECT THIS NEW UNDERSTANDING. YUGOSLAVS AGREED TO LIMIT PRESS RESPONSES TO INDICATE SIMPLY THAT A DIALOGUE

SECRET

SECRET

PAGE 02 BELGRA 03117 131848Z

IS CONTINUING -- UNTIL NRC LICENSE ISSUED. THEY CONCLUDED OFFICIAL DISCUSSIONS WITH REQUEST FOR CONTINUED DIALOGUE AND TECHNICAL INFORMATION, NOT JUST ON KRSKO BUT ON ENTIRE RANGE OF PEACEFUL NUCLEAR AND DISARMAMENT ISSUES, END SUMMARY.

2. ON MAY 12 AND 13, U.S. NEGOTIATING TEAM OF DEPUTY ASSISTANT SECRETARIES ARMITAGE (EUR) AND NOSENZO (OES), ASSISTED

BY CHARGE, POLCOUNSELOR AND SCIATT, MET WITH YUGOSLAV TEAM LED BY FSFA ASSISTANT SECRETARY BERNARDIC AND INCLUDING SPECIAL ADVISOR KRIVOKAPIC AND KOSTIC OF FSFA. TECHNICAL ADVISORS PROFS. MLADJENOVIC AND KAMGRGA, AND DR. JANEZ DULAR (DIRECTOR) GABROVSEK OF KRSKO PROJECT. AGREEMENT WAS REACHED ON KEY PARAGRAPH OF TEXT OF A LETTER FROM FSFA SECRETARY MINIC IN REPLY TO SECRETARY VANCE'S LETTER (REFS B, C, AND D): QUOTE. FURTHERMORE, THE GOVERNMENT OF THE SFR OF YUGOSLAVIA IS READY TO ENTER, IN THE NEAR FUTURE, INTO NEGOTIATIONS WITH THE UNITED STATES AIMED AT ELIMINATING THE DIFFICULTIES AND DIFFERENCES REGARDING THE DISPOSITION OF FUEL IRRADIATED IN THE REACTOR OF THE KRSKO NUCLEAR POWER PLANT, WITHIN THE FRAMEWORK OF THE EXISTING INTERNATIONAL AGREEMENTS AND FUTURE MULTILATERAL AGREEMENTS WHICH REGULATE THIS MATTER. UNQUOTE.

3. GOY OFFICIALS ALSO AGREED TO SEND STATEMENT TO THE IAEA REAFFIRMING ITS INTERNATIONAL COMMITMENTS ON NONPROLIFERATION. TEXT WOULD BE THE SAME AS REF E EXCEPT FOR THE FOLLOWING PARAGRAPH C: QUOTE. C) THE GOVERNMENT OF THE SFR OF YUGOSLAVIA WILL DO EVERYTHING WITHIN ITS COMPETENCE TOWARD THE IMPLEMENTATION OF THE AGREEMENT CONCLUDED BETWEEN THE KRSKO CONSORTIUM AND EXPORT-IMPORT BANK TO THE EFFECT THAT NO EQUIPMENT OR MATERIALS ORIGINATING IN THE U.S.A., DELIVERED ON A COMMERCIAL BASIS UNDER THAT AGREEMENT, SHALL BE EXPORTED FROM YUGOSLAVIA. UNQUOTE. AT YUGOSLAV REQUEST THE PHRASE "INCLUDING THE FIRST FUEL CORE" WAS DELETED. BUT THEY AGREED TO INCLUDE IT WHEN FUEL QUESTION IS DECIDED.

4. AS FOR TIMING, YUGOSLAVS SAID THAT THE MINIC LETTER WOULD
SECRET

SECRET

PAGE 03 BELGRA 03117 131848Z

BE DESPATCHED OVER THE WEEKEND, AND THE CABLE TO THE IAEA WOULD BE SENT BY TUESDAY. IN ANSWER TO THE YUGOSLAV INTEREST IN BEGINNING FUELD DISCUSSIONS ASAP, USDEL SAID THAT IT WOULD NOT BE PRODUCTIVE TO COMMENCE NEGOTIATIONS ON SPENT FUEL DISPOSITION BEFORE THE U.S. CONGRESS ACTS ON THE POLICIES PROPOSED BY PRESIDENT CARTER. USDEL INDICATED PASSAGE IS EXPECTED TO TAKE AT LEAST TWO MONTHS.

5. USDEL PRESENTED A DETAILED EXPOSITION OF RECENT DISCUSSIONS ON U.S. NUCLEAR POLICIES, INCLUDING THE USG PROPOSAL FOR A MULTINATIONAL NUCLEAR FUEL CYCLE EVALUATION PROGRAM (INFCEP). YUGOSLAVS SHOWED KEED INTEREST AND AKSED THAT BRIEFING BE CONTINUED ON THE SECOND DAY OF NEGOTIATIONS. THEY STRESSED THEIR DESIRE TO MAINTAIN AN EXCHANGE OF VIEWS ON NUCLEAR POLICY ISSUES, AND ASKED TO RECEIVE RECENT U.S. LITERATURE ON NONPROLIFERATION AND DISARMAMENT.

6. THE YUGOSLAV OFFICIALS AGREED TO OUR RECOMMENDATION THAT NO PRESS STATEMENT BE ISSUED ON THE NEGOTIATIONS UNTIL THE

NRC TAKES FINAL ACTION ON THE EXPORT LICENSE (HOPEFULLY IN A WEEK OR TWO). BERNARDIC AGREED THAT, IF ASKED, SPOKESMEN WOULD RESPOND THAT TALKS HAD BEEN HELD ON THE SUBJECT OF NONPROLIFERATION AND NUCLEAR COOPERATION, THAT, AGAIN IF ASKED, WOULD INDICATE KRSKO WAS INCLUDED IN THE DISCUSSIONS, AND THAT DIALOGUE WOULD BE CONTINUED.

7. COMMENT: USDEL RECOMMENDS THAT THE BEGINNING OF SECOND PARAGRAPH OF THE LETTER FROM PRESIDENT CARTER TO PRESIDENT TITO, WHICH IS BEING CARRIED TO YUGOSLAVIA BY VICE PRESIDENT MONDALE, BE CHANGED TO READ AS FOLLOWS: QUOTE. I AM PLEASED THAT OUR GOVERNMENTS HAVE BEEN ABLE TO REMOVE THE OBSTACLES TO CONTINUED, FRUITFUL COOPERATION IN NUCLEAR ENERGY BETWEEN OUR TWO COUNTRIES. I BELIEVE THAT BY THE TIME THE VICE PRESIDENT ARRIVES THE IMMEDIATE PROBLEMS WILL BE WELL ON THE WAY TO RESOLUTION. UNQUOTE.

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PAGE 04 BELGRA 03117 131848Z

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